



Department of Justice

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JUSTICE DEPARTMENT ADVISES FCC ON VERIZON'S PENDING APPLICATION TO PROVIDE LONG DISTANCE SERVICE IN MASSACHUSETTS

Department Raises Questions about Current and Future Nondiscriminatory Access to Lines for DSL Services

WASHINGTON, D.C. – The Department of Justice today advised the Federal Communications Commission (FCC) that Verizon, formerly known as Bell Atlantic, has not provided sufficient evidence in support of its pending application to provide long distance services in Massachusetts. According to the Department, Verizon has not adequately addressed competitive concerns regarding current and future access to lines for digital subscriber line services (DSL)--lines used for high speed internet access.

The Department provided its competitive analysis today in an evaluation filed at the FCC, under Section 271 of the Telecommunications Act. Based on performance measures adopted by the Massachusetts Department of Telecommunications and Energy (DTE), the Department noted that Verizon's performance in providing DSL lines to its competitors appeared to be discriminatory with respect to installation times, quality of service, and repairs.

Although Verizon argued that the measures adopted by the DTE provided a misleading indication of its performance, the Department noted that Verizon did not provide enough evidence in support of its objections, and that Verizon's suggested alternative measures of performance did not sufficiently address the issue of nondiscrimination.

In addition, the Department stated that, if Verizon's performance cannot be readily evaluated because of defects in the Massachusetts performance measures, those performance measures will not provide a reliable means of detecting and providing remedies for any future discriminatory performance.

"DSL is an important broadband technology for providing high speed access to the Internet," said A. Douglas Melamed, Acting Assistant Attorney General in charge of the Department's Antitrust Division. "It is important to have objective and reliable evidence of nondiscrimination in order to ensure that consumers will have a real choice among DSL service providers."

In its evaluation, the Department also:

- noted the substantial number of lines provided by facilities-based competitors that will serve business customers in Massachusetts, and the plans of two important facilities-based competitors to serve residential customers;
- praised the successful efforts of Verizon and the Massachusetts DTE in removing most obstacles to local competition in Massachusetts;
- recommended that the FCC carefully examine the wholesale prices charged by Verizon to its competitors for the use of "unbundled network elements" to ensure that the wholesale prices are properly based on the costs of providing access to those components of its network; and
- recommended that the FCC pay particular attention to the value of a strong, self-executing performance assurance plan, so that any future problems with Verizon's wholesale performance can be addressed quickly and effectively.

Since the break-up of the integrated Bell system as part of the AT&T divestiture, the independent Bell Operating Companies, or BOCs, have been barred from providing long distance services in their respective regions, first as part of the divestiture decree, and now under the terms of the Telecommunications Act of 1996. Under Section 271 of the Act, a BOC, such as Verizon, may not provide in-region long distance services until it demonstrates to the FCC that it

has met a variety of legal requirements designed to open the local telephone markets in a particular state to competition.

In considering whether to approve a BOC's application for long distance authority in a particular state, the FCC must consult with the Department of Justice and give "substantial weight" to its assessment of competitive conditions in a market and whether the BOC should be allowed to provide in-region long distance service.

Verizon filed its application with the FCC on September 22, 2000. Under the terms of the Act, the FCC must approve or deny the application within 90 days.

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